

DIRECT TESTIMONY

of

**Greg Rockrohr
Senior Electrical Engineer**

**Engineering Department
Energy Division
Illinois Commerce Commission**

**Central Illinois Light Company d/b/a AmerenCILCO
Central Illinois Public Service Company d/b/a AmerenCIPS
Illinois Power Company d/b/a AmerenIP**

Proposed general increase in rates for delivery service

Docket Nos. 06-0070/06-0071/06-0072 (Consolidated)

April 26, 2006

1 **Q. What is your name and business address?**

2 A. My name is Greg Rockrohr. My business address is 527 East Capitol
3 Avenue, Springfield, Illinois 62701.

4 **Q. By whom are you employed and in what capacity?**

5 A. I am employed by the Illinois Commerce Commission ("Commission") as a
6 Senior Electrical Engineer within the Energy Division. In my position I review
7 planning and operating practices of Illinois' regulated electric utilities, and at
8 times provide information or recommendations to the Commission through
9 Staff reports or testimony.

10 **Q. What is your work experience prior to coming to the Commission?**

11 A. Prior to joining the Commission Staff ("Staff") in 2001, I was employed as an
12 electrical engineer by Pacific Gas and Electric Company in California for
13 approximately 18 years. Prior to that, I was an electrical engineer at Northern
14 Indiana Public Service Company for 3 years. I am a registered professional
15 engineer in the state of California.

16 **Q. What is your educational background?**

17 A. I hold a Bachelor of Science degree in Electrical Engineering from Valparaiso
18 University. While employed in the utility industry and the Commission I have
19 attended classes and conferences relevant to electric utility operations.

20 **Q. What is the purpose of your testimony in this proceeding?**

21 A. My testimony is intended to convey my opinions and recommendations
22 regarding various aspects of the distribution services tariff filings made by
23 AmerenCILCO, AmerenCIPS, and AmerenIP ("the Ameren Companies").

24 **Q. Are you recommending any revenue requirement or rate base**
25 **adjustments within your testimony?**

26 A. No.

27 **Q. Are you making any recommendations regarding any aspects of the**
28 **Ameren Companies' distribution services tariff filings?**

29 A. Yes. I recommend that:

- 30 1. The Ameren Companies' major capital project additions be allowed into
31 rate base,
- 32 2. The Ameren Companies' proposed provision for line extension to serve
33 individual customers not be allowed in its present form,
- 34 3. The Ameren Companies continue to provide special consideration of
35 existing non-residential customers that are metered on the primary side of
36 customer-owned transformers,
- 37 4. The Ameren Companies' Rate DS-2 include a "Grandfathering Provision"
38 for existing residential customers that receive three-phase service,
- 39 5. The Ameren Companies amend Rider QF to include an option allowing
40 customers with a Qualifying Facility to choose a pre-determined "cents per
41 kilowatt-hour" rate, and
- 42 6. The Ameren Companies include clarifying language within specific
43 sections of their proposed Customer Terms and Conditions, and
44 Standards and Qualifications for Electric Service ("Standards and
45 Qualifications") to promote a consistent interpretation.

46 **Q. Do you cover any additional topics within your testimony?**

47 A. Yes. I provide comments about the Ameren Companies' reactive power
48 charges and loss multipliers. Finally, I discuss my observations and
49 recommendations regarding each of the Ameren Companies' electric
50 metering practices, and I provide an evaluation of AmerenCILCO's
51 performance in the area of electric service reliability.¹

52 **(1) Major Capital Projects**

53 **Q. Did you review capital projects for each of the Ameren Companies?**

54 A. Yes. AmerenCIPS and AmerenIP each filed a Schedule F-4 in this
55 proceeding that lists additions to plant placed in service since the last rate
56 case where costs associated with those additions were above a specified
57 percentage of the utility's net plant.² AmerenIP's Schedule F-4 included
58 several capital projects. However, since AmerenCILCO and AmerenCIPS
59 listed few or no capital projects in a Schedule F-4, I requested that these two
60 utilities identify their ten most costly additions to net plant that occurred within
61 the last 5 years. I selected a few of the more costly capital projects for each
62 of the Ameren Companies, and reviewed the project description, project
63 justification, project dates, project costs, and project alternatives.

64 **Q. Why did you review information about these capital projects?**

65 A. Section 9-211 of the Public Utilities Act ("Act") states:

66 "The Commission, in any determination of rates or charges, shall include in a
67 utility's rate base only the value of such investment which is both prudently
68 incurred and used and useful in providing service to public utility customers."

¹ Staff Witness Spencer discusses his evaluation of AmerenCIPS' and AmerenIP's service reliability performance in Staff Exhibit 10.0.

² Requirements for Schedule F-4 are described in 83 Ill. Admin. Code: Section 285.6100.

69 I reviewed capital projects completed by each of the Ameren Companies to
70 determine if the projects were both prudent and used and useful. I chose
71 more costly project because they account for a greater percentage of the rate
72 base for each of the Ameren Companies.

73 **Q. What did you conclude about the capital projects you reviewed?**

74 A. I concluded that the investments were prudently incurred and the capital
75 projects, upon completion, were used and useful in providing service to
76 customers. I found no reason to recommend excluding costs associated with
77 the projects I reviewed from rates. The time constraints of this rate case do
78 not allow sufficient time to review every capital project each of the Ameren
79 Companies seeks to include in rate base. Though the projects I reviewed
80 represent only about 1% of the rate base proposed by each of the Ameren
81 Companies, because I chose them at random I believe them to be a
82 representative sample of all the capital projects for each company. Therefore,
83 I have no reason to recommend excluding any of the capital project additions
84 for which the Ameren Companies seek recovery in rates.

85 **(2) Distribution Line Extension Provision to Individual Customers**

86 **Q. What concern do you have regarding the provision for Distribution Line**
87 **Extension to Individual Customers that the Ameren Companies' propose**
88 **within each company's Standards and Qualifications?**

89 A. Subsection 3.B.1(a) of each of the Ameren Companies' Standards and
90 Qualifications states:

91 "The Company shall provide Extensions of the Distribution System as
92 described in this Section in lieu of 83 Ill. Admin. Code Part 410."

93 I am concerned that Section 3.B.1 of each of the Ameren Companies'
94 Standards and Qualifications does not comply with the Commission's rules,
95 specifically 83 Ill. Admin. Code Section 410.410.

96 **Q. What does Section 410.410 require?**

97 A. Though I am not an attorney, it is my understanding that Subsection
98 410.410(a)(2) requires that a provision in lieu of 83 Ill. Admin. Code Part 410,
99 such as the provision the Ameren Companies propose, must be demonstrated
100 to be generally more favorable to applicants than the Commission's own
101 extension provisions, as provided in Subsections 410.410(b) and (c).

102 Subsection 410.410(a) is set forth below:

103 "a) If an extension of a entity's distribution system is necessary in order to
104 serve an applicant or group of applicants, the entity providing
105 distribution services, upon written request for service by the applicants,
106 shall make the necessary line extension. The line extension shall be
107 made along a street, highway or other right-of-way to the nearest point
108 adjacent to the point of delivery for the applicants. The applicant or
109 group of applicants must agree to the provisions of this Section before
110 the line extension is made.

111 1) The entity providing distribution services may file a line
112 extension provision in conjunction with its rate schedule. If the
113 entity providing distribution services files a line extension
114 provision, that provision shall be worded so that the applicant
115 will have a choice of obtaining the extension under the provision
116 or obtaining the extension under subsections (b) and (c). If the
117 line extension provision is permitted to become effective by the
118 Commission, then the applicant may proceed under the line
119 extension provision or under subsections (b) and (c).

120 2) Alternatively, the filed line extension provision may be in lieu of
121 subsections (b) and (c) instead of an option; however, if the
122 entity providing distribution services files a line extension

123 provision in lieu of subsections (b) and (c), the line extension
124 provision shall not become effective unless the entity providing
125 distribution services demonstrates that the line extension
126 provision is generally more favorable to applicants than the
127 provisions of subsections (b) and (c). After specific action by the
128 Commission by order, the line extension provision shall become
129 effective."

130 **Q. What aspect(s) of the Ameren Companies' proposed line extension**
131 **provision do you believe is non-compliant?**

132 A. I am concerned about the Ameren Companies' proposed treatment of
133 refundable deposits received from applicants. I understand the Ameren
134 Companies' proposed line extension provision to require that an applicant for
135 residential service make a refundable deposit when the free extension length
136 is exceeded. The refundable deposit would then be subject to refund without
137 interest for a five year period. This aspect of the Ameren Companies'
138 provision is less favorable to applicants than the Commission's provisions,
139 which under the same circumstances provides that the deposit be subject to
140 refund for 10 years.

141 **Q. Why is the 5-year provision for refund less favorable than the 10-year**
142 **provision?**

143 A. It is less favorable because of the manner refunds are determined. A refund
144 of all or part of the applicant's deposit will occur only if the utility uses the
145 facilities that were covered by the deposit to supply additional customers. The
146 shorter period of time for refunds in the Ameren Companies' provision (5-
147 years instead of 10-years) is less favorable to applicants than the
148 Commission's provision, since the period of time for potential refund(s) is only

149 half as long. In my opinion, the Ameren Companies have not demonstrated
150 that other aspects of their proposed line extension provision would cause their
151 provision, as a whole, to become generally more favorable to applicants.³

152 **Q. Are there any aspects of the Ameren Companies' provisions that might**
153 **be considered more favorable to applicants?**

154 A. Yes. The Ameren Companies propose to include an optional revenue test
155 within their provisions whereby a non-residential applicant that would normally
156 be required to pay a refundable deposit for a line extension might instead
157 receive the extension at no cost.

158 **Q. Did the Ameren Companies explain how the revenue test they propose**
159 **for non-residential applicants would work?**

160 A. Yes. When a non-residential customer applies for service, the Ameren
161 Companies would estimate three years of delivery service revenues, basing
162 the estimate on the applicant's anticipated energy and power needs. If these
163 estimated revenues are adequate to cover the estimated cost of the
164 extension, no deposit would be required from the applicant. However, if the
165 estimated revenues do not fully cover the estimated extension costs, the
166 customer would pay the difference as a non-refundable deposit. The Ameren
167 Companies do not propose to offer the option of a revenue test to residential
168 applicants. Since delivery services revenues are likely to be much lower for
169 residential customers, it seems unlikely that many residential applicants would

³ Refer to the Ameren Companies' response to Staff data request GER 2.02, included as Schedule 9.01.

170 benefit from such a revenue test provision if it were offered. I do not believe
171 that the Ameren Companies' provision meets the requirements of Subsection
172 410.410(a)(2) simply because it might at times be more favorable to a certain
173 type or class of applicant.

174 **Q. Are you aware of any existing line extension provisions that are similar**
175 **to the provisions that the Ameren Companies propose?**

176 A. Yes. A similar extension provision exists in AmerenCIPS Electric Delivery
177 Service Schedule III.C.C. No. 14, Sheet 24.⁴

178 **Q. Are you also concerned, then, with the existing extension provision**
179 **described in AmerenCIPS Electric Delivery Service Schedule III.C.C. No.**
180 **14, Sheet 24?**

181 A. Yes, I have the same concerns about AmerenCIPS' existing provision that I
182 expressed regarding the Ameren Companies' proposed provisions.
183 Furthermore, though I am not an attorney, I understand the language
184 contained in Subsection 410.410(a)(2) to state that a utility's extension
185 provisions filed in lieu of the Commission's provisions shall become effective
186 only after specific Commission action by order. I was unable to locate a
187 Commission order authorizing the extension provisions described by
188 AmerenCIPS Electric Delivery Service Schedule III.C.C. No. 14, Sheet 24.

189 **Q. What is your recommendation regarding the Ameren Companies'**
190 **provisions for distribution line extensions for individual customers?**

⁴ A copy of AmerenCIPS Electric Delivery Service Schedule III.C.C. No. 14, Sheet 24 is included as Schedule 9.02 (CIPS).

191 A. I recommend that the Ameren Companies' line extension provisions be
192 amended to provide applicants the choice of: (a) obtaining the extension
193 under the Ameren Companies' proposed provisions, or (b) obtaining the
194 extension under the Commission's provisions described within Subsections
195 410.410 (b) and (c). If the Ameren Companies were to make the line
196 extension provisions that they propose optional, instead of "in lieu of 83 Ill.
197 Admin. Code Part 410", I would no longer object to the provisions because
198 Subsection 410.410(a)(1) allows a utility to file its own line extension
199 provisions so long as the applicant "... will have a choice of obtaining the
200 extension under the provision or obtaining the extension under subsections
201 (b) and (c)".

202 **(3) Customer-owned Transformers**

203 **Q. What do you mean by the term "customer-owned transformers"?**

204 A. A transformer is typically required to change the utility's supply voltage to a
205 level that customers can use. The utility usually owns and maintains these
206 transformers, and for residential and small commercial customers the utility
207 can often supply electricity to multiple customers from a single transformer.
208 Sometimes, though, larger customers own and maintain the on-site
209 transformer. Usually, where a customer-owned transformer is utilized, the
210 customer also installs and maintains all the facilities on the low-voltage side of
211 the transformer, such as service conductors and terminations.

212 **Q. Does a customer who owns the on-site transformer normally receive any**

213 **special consideration from the utility?**

214 A. Historically utilities have offered some financial benefits to customers who
215 own the on-site transformer in the form of a reduced energy charge, demand
216 charge, or both. In that same vein, the Ameren Companies are proposing that
217 Rate DS-3 and DS-4 customers who provide their own transformation facilities
218 would avoid paying a transformation charge that they would otherwise be
219 required to pay.⁵

220 **Q. Please describe the transformation charge that each of the Ameren**
221 **Companies propose?**

222 A. The Ameren Companies explain the transformation charge as follows:
223 "If Company owns and operates transformers to transform the voltage from
224 Company's available Supply Voltage to the Delivery Voltage required by
225 Customer, Customer shall be billed a charge of \$0.50 per kW based on the
226 highest Billing Demand in the most recent 12 monthly Billing Periods including
227 the current Billing Period."⁶
228 My understanding is the Transformation Charge will be applied only to Rate
229 DS-3 and DS-4 customers, and is intended to cover the utility's cost for
230 installing and maintaining the transformer(s) utilized to reduce the utility's
231 supply voltage to the voltage the customer requires.

232 **Q. What is your concern regarding the proposed transformation charge?**

233 A. I am concerned that customers who installed their own transformer(s) and
234 service(s) because it was to their advantage to do so under previous rates
235 might be penalized financially for owning and maintaining the transformer

⁵ Refer to AmerenCILCO Exhibit 10.0, lines 313-316, and AmerenIP and AmerenCIPS Exhibit 10.0, lines 314-317.

⁶ This explanation for Transformation Charge is included in each of the Ameren Companies' tariff sheets for Rate DS-3 General Delivery Service and Rate DS-4 Large General Delivery Service.

236 under the Ameren Companies' proposed rates. I am not concerned with the
237 concept of the transformation charge, or even with its application to new
238 customers. New customers would have an opportunity to educate themselves
239 about the financial consequences of providing their own transformation prior
240 to doing so.

241 **Q. Why do you believe customers that already own and maintain their own**
242 **transformers might be penalized financially?**

243 A. My concern is most easily illustrated by examining Rate DS-3. Generally, to
244 be eligible for Rate DS-3 a customer's maximum monthly demand must be
245 greater or equal to 150 kW, but less than 1000 kW.⁷ Therefore, the maximum
246 transformation charge ("TC") that a Rate DS-3 customer could avoid by
247 owning his/her own transformer is between \$75 (TC = \$0.50/kW X 150 kW)
248 and \$500 (TC = \$0.50/kW X 1000 kW). However, Rate DS-3 also includes a
249 Customer Charge and Meter Charge, both of which increase as the meter
250 voltage increases.⁸ For example, AmerenIP's proposed monthly Customer
251 Charge for a Rate DS-3 customer metered at secondary voltage is \$157.16.
252 This would likely be the applicable customer charge if AmerenIP provides the
253 transformation. AmerenIP's proposed monthly Customer Charge for
254 customers metered at primary voltage (above 600 volts up to and including
255 15kV) is \$671.25. This would likely be the applicable customer charge if the

⁷ Refer to the "Availability" section of Rate DS-3 General Delivery Service, included within each of the Ameren Companies' Schedule E-1: AmerenCILCO page 105; AmerenCIPS and AmerenIP page 111.

⁸ Metering is normally located on the high-voltage side of a customer-owned transformer so that losses within the transformer are captured. The Ameren Companies propose that both the Customer Charge and the Meter Charge be based on Meter Voltage.

256 customer provides the transformation, and takes service directly from
257 AmerenIP's 12.47 kV distribution lines. Since the monthly customer charge
258 increases by \$514.09 for customers that are metered at primary voltage, and
259 the maximum benefit a Rate DS-3 customer can achieve by owning and
260 maintaining the transformation is between \$75 and \$500, the effect of
261 combining the increased customer charge with the elimination of the
262 transformation charge is that the customer will be financially penalized for
263 owning and maintaining the transformer. Again, assuming metering is located
264 on the primary side of the customer-owned transformer, the proposed Meter
265 Charge exacerbates the effect. This effect is the same for each of the
266 Ameren Companies, and is unfair to existing customers that expended funds
267 to install and maintain their own transformers because there was a financial
268 incentive to do so under previous rates.

269 **Q. Why do the Ameren Companies' Customer Charge and Meter Charge**
270 **increase as the meter voltage increases?**

271 A. The Ameren Companies stated it is more expensive to meter usage at higher
272 voltages.⁹ This statement is reasonable because additional equipment and
273 labor is required to meter usage at higher voltages, including metering
274 transformers, bypass switches, wiring, testing, and inspections. It is my
275 understanding that the Ameren Companies propose to recover costs
276 associated with installing and maintaining metering equipment, not including

⁹ Refer to the Ameren Companies' response to Staff's data request GER 2.01(b) and (c), included as Schedule 9.03.

277 the meter, through the Customer Charge.¹⁰

278 **Q. Is the condition you refer to as a financial penalty limited to prospective**
279 **Rate DS-3 customers?**

280 A. No. I used Rate DS-3 to illustrate the condition. It appears the same
281 condition could exist for prospective Rate DS-2 and Rate DS-4 customers. It
282 is noteworthy that the Ameren Companies do not propose a separate
283 transformation charge for Rate DS-2, which applies to non-residential
284 customers with demands below 150 kW. Though it is likely most Rate DS-2
285 customers will utilize a transformation provided by the utility, some
286 prospective Rate DS-2 customers might own and maintain their own
287 transformers due to incentives in previous rates. However, since there is no
288 transformation charge component within proposed Rate DS-2, prospective
289 Rate DS-2 customers would receive no benefit at all for taking service at the
290 supply line voltage. Prospective Rate DS-4 customers could benefit by
291 owning their transformer only if savings associated with avoided
292 transformation charges exceed the applicable incremental increases in the
293 Rate DS-4 Customer Charge and Meter Charge.

294 **Q. Would customers that own their own transformers receive additional**
295 **benefits from the lower Distribution Delivery Charge for higher voltage**
296 **supply lines, as listed within proposed Rate DS-3 and DS-4?**

297 A. No. My understanding is that the level of the proposed Distribution Delivery

¹⁰ Refer to the direct testimony of Leonard M. Jones: AmerenCILCO Exhibit 10.0 lines 164-192, AmerenCIPS Exhibit 10.0 lines 165-193, and AmerenIP Exhibit 10.0 lines 165-193.

298 Charge is based on the utility's supply line voltage, not the meter voltage, and
299 therefore the Distribution Delivery Charge would be the same regardless of
300 whether the utility or customer provides the transformation.

301 **Q. How many prospective Rate DS-2, Rate DS-3 and Rate DS-4 customers**
302 **are metered on the primary side of customer-owned transformers?**

303 A. The Ameren Companies indicated that AmerenIP, AmerenCIPS, and
304 AmerenCILCO have approximately 33, 110, and 11 prospective Rate DS-3
305 customers, respectively, who are metered on the primary side of customer-
306 owned transformers. I do not know how many prospective Rate DS-2 or Rate
307 DS-4 customers are metered on the primary side of customer-owned
308 transformers.

309 **Q. Do you have any recommendations regarding existing customers that**
310 **are metered on the primary side of customer-owned transformers that**
311 **are prospective Rate DS-2, Rate DS-3, and Rate DS-4 customers?**

312 A. Yes. I believe the Ameren Companies should propose a mechanism to
313 remove the financial penalty described above: for example a separate, lower,
314 Customer Charge for existing customers who are metered on the primary side
315 of customer-owned transformers. This is only one suggestion, and the
316 Ameren Companies might suggest a different "grandfathering provision" that
317 would have the same affect of treating existing customers that own their own
318 transformers more fairly.

319 **(4) Three-phase Residential Customers**

320 **Q. What concerns do you have about AmerenIP's and AmerenCILCO's**
321 **decision to discontinue offering 3-phase service to residential**
322 **customers as part of a standard offering?**¹¹

323 A. I am concerned that existing three-phase residential customers might be
324 required to pay a monthly excess facilities charge under the Ameren
325 Companies proposed tariffs.

326 **Q. Why would this type of charge be inappropriate for existing three-phase**
327 **residential customers?**

328 A. Had three-phase residential service been offered only under excess facilities
329 rules when AmerenIP and AmerenCILCO originally provided them with
330 service, existing residential customers might have decided to eliminate the
331 need for three-phase service by purchasing their own phase converter or
332 utilizing single-phase equipment. It is the potential change in treatment of
333 residential customers with existing three-phase service that concerns me.

334 **Q. Do you find that the Ameren Companies' proposal to extend new three-**
335 **phase residential service using excess facilities rules to be reasonable?**

336 A. Yes. I agree with Mr. Jones' testimony that three-phase residential service is
337 uncommon, and I believe utilizing excess facilities rules for new three-phase
338 residential services is reasonable.

339 **Q. What is your recommendation regarding existing residential customers**
340 **with three-phase service?**

¹¹ Refer to the direct testimony of Leonard M. Jones, AmerenCILCO Exhibit 10.0, lines 213-235 and AmerenIP Exhibit 10.0, lines 214-236.

341 A. I recommend that the Ameren Companies include an additional paragraph in
342 the "Grandfathering Provisions" section of Rate DS-1 that states that existing
343 customers will not have to pay excess facilities charges to continue three-
344 phase service.¹²

345 **(5) Rider QF**

346 **Q. What is Rider QF?**

347 A. Rider QF is divided into two parts. The first part applies to customers that
348 have generating facilities installed that qualify as a Qualifying Facility ("QF"),
349 and the second part applies to customers that have generating facilities that
350 qualify as a Qualifying Solid Waste Energy Facility ("QSWEF"). I reviewed
351 only the first part of Rider QF, which applies to QF's.

352 **Q. What is a "Qualifying Facility"?**

353 A. 83 Ill. Admin. Code Section 430.30 states:

354 "Qualifying facility" means a cogeneration facility or a small power production
355 facility which meets the criteria for qualifications set forth in Subpart B of 18
356 CFR 292."

357 Rider QF compensates the customer for energy supplied to the utility. In
358 order for Rider QF to apply, the customer must receive service under Rate
359 DS-1, DS-2, DS-3, or DS-4.¹³

360 **Q. Is Rider QF intended to replace any current tariffs?**

¹² Refer to the Ameren Companies' response to Staff data request GER 4.01, included as Schedule 9.04.

¹³ Refer to the Rider QF filed by each of the Ameren Companies: AmerenCILCO Schedule E-1 page 159, AmerenCIPS Schedule E-1 page 172, and AmerenIP Schedule E-1 page 185.

361 A. Yes. Rider QF will replace tariffs for each of the Ameren Companies.¹⁴

362 **Q. What concern(s) do you have regarding Rider QF and Qualifying**

363 **Facilities?**

364 A. My concern is that Rider QF does not provide a rate of compensation in cents
365 per kilowatt-hour (" $\text{¢}/\text{kWh}$ ") that the utility will pay a customer who wishes to
366 sell excess generation to the utility.

367 **Q. Why do you think the Ameren Companies should list a price in $\text{¢}/\text{kWh}$**
368 **within its Rider QF?**

369 A. Having the ability to reference compensation in $\text{¢}/\text{kWh}$, as in the Ameren
370 Companies' current tariffs, would be especially helpful to smaller QF
371 operators/owners when deciding whether or not to proceed with installing self-
372 generation, or connecting self-generation to the utility for the purpose of
373 selling excess generation.

374 **Q. Without a traditional price in $\text{¢}/\text{kWh}$ how would prospective QF owners**
375 **determine whether or not to complete a generation project?**

376 A. I believe it would be very difficult for a small prospective QF owner to even
377 predict an order-of-magnitude for the value of excess generation. The terms
378 for compensation in Rider QF are as follows:

379 "COMPENSATION

380 If Customer elects to sell all or a portion of the power and energy generated

¹⁴ Refer to Ameren Companies' Schedule 10.10. Staff understands that Rider QF replaces: AmerenCILCO's Rate 28 Purchases of Alternative Power from Qualifying Facilities, and Rate 30 Qualified Solid Waste Energy Facility Purchases; AmerenCIPS', Rate 14 Electric Power Purchases from Qualifying Facilities, and Rate 15 Electric Power Purchases from Qualifying Solid Waste Energy Facilities; and AmerenIP's, Rider P Parallel Generation Service, and Rider WE Qualified Solid Waste Energy Facility Purchases.

381 by the QF to the Company, the Company shall purchase the power and
382 energy at the hourly energy supply charges defined in Rider MV, multiplied by
383 the appropriate expansion factor for energy losses.

384 In lieu of the above purchase rate, a QF may enter negotiations with the
385 Company for different purchase rates and terms and conditions. Any contract
386 entered into as a result of negotiations will, in general, be based upon more
387 exacting standards of delivery as outlined in 83 Ill. Admin. Code 430.80(b)
388 and 430.80(c).

389 Customer shall be responsible for any applicable Transmission Service cost
390 for transactions under this tariff."

391 My concern is that an individual generation owner that would otherwise
392 provide and sell excess generation to the utility will not do so because of
393 confusing and/or seemingly arbitrary pricing. I believe some QF owners
394 would find it impossible to conduct a cost analysis unless an option is made
395 available to them whereby compensation is expressed as a ¢/kWh price.

396 **Q. Do you have any recommendations regarding your concern about Rider**
397 **QF?**

398 A. Yes. I recommend that the Ameren Companies include an additional
399 compensation option within Rider QF that provides a standard rate in ¢/kWh,
400 and includes a rate for summer peak, summer off-peak, winter peak, and
401 winter off-peak.¹⁵ If an option for compensation at a ¢/kWh price was added
402 to Rider QF, I would not object to retaining the other compensation methods
403 the Ameren Companies propose within Rider QF.

404 **(6) Recommended Clarifications**

405 **Q. What sections within the Ameren Companies' proposed Customer**

¹⁵ Refer to Schedule 9.05 to see one example of compensation language Staff suggests should be included in the first part of Rider QF, which concerns Qualifying Facilities.

406 **Terms and Conditions and Standards and Qualifications do you believe**
407 **require clarifying language?**

408 A. There are two sections that contain language that should be clarified. The
409 first is Section 14.D of Customer Terms and Conditions, which is titled
410 "Exclusive Service". The third paragraph in Section 14.D consists of the
411 following:

412 "Customer will not operate electric generating equipment on the same
413 Premises as Company's service except where it is used only in the event of
414 interruption of Company's service or when Company and Customer have
415 entered into a service agreement for reserve service, auxiliary service or for
416 parallel operation"

417 The above paragraph appears to prohibit a customer's use of a generator to
418 supply electrical load even where that load is completely isolated from the
419 Company's service. The Ameren Companies confirmed that it was not
420 intended that Section 14.D prohibit a customer from using a generator in this
421 manner, and recommended that the following be added to Section 14.D:

422 "Notwithstanding the above, nothing in this section prohibits operation of
423 customer owned generating equipment where the load of the customer
424 served by said generation is not connected t the company's system."¹⁶

425 **Q. What is your recommendation regarding Section 14.D of Customer**
426 **Terms and Conditions?**

427 A. Simply that the Ameren Companies place the additional language quoted
428 above within Section 14.D. This action would satisfy me.

429 **Q. What other section do you believe requires clarifying language?**

430 A. Subsection 3.B.1(d)(i) of each of the Ameren Companies' Standards and

¹⁶ Refer to the Ameren Companies' response to Staff data request GER 1.06, included as Schedule 9.06

431 Qualifications for Electric Service states:

432 "Applicant will make a Non-Refundable Contribution for that amount, if any, by
433 which the total cost of the Line Extension under contract exceeds the
434 Standard Cost Equivalent times the number of lots the Company anticipates
435 to serve plus one additional Standard Cost Equivalent."

436 I found that this language could lead to confusion as to how the Non-
437 Refundable Contribution would be calculated because two different formulas
438 would match the text.¹⁷

439 **Q. Do you have a recommendation concerning Subsection 3.B.1(d)(i)?**

440 A. Yes. I recommend that the Ameren Companies amend Subsection 3.B.1(d)(i)
441 to include either amended language or an example to illustrate the intended
442 Non-Refundable Contribution calculation.

443 **(7) Reactive Demand Charge**

444 **Q. Did you review the reactive demand charge the Ameren Companies**
445 **propose for Rate DS-4 customers?**

446 A. Yes, but only on a conceptual level. I found that Mr. Jones' explanation of
447 reactive demand was accurate and concise, and that the Ameren Companies'
448 approach for dealing with the affects of reactive demand on lower voltage
449 systems, by installing capacitors, to be reasonable.¹⁸ For customers that take
450 service at voltages greater than 100 kV, the Ameren Companies propose to
451 assign utility-incurred costs for power factor correction directly to the
452 customer, but only if correction measures are implemented. I found the

¹⁷ Refer to the Staff data request GER 2.04, and the Ameren Companies' response, included as Schedule 9.07.

¹⁸ Reactive demand is discussed in each of the Ameren Companies' Exhibit 10.0, lines 401-447.

453 Ameren Companies' rationale with regard to power factor correction at
454 voltages greater than 100 kV to be reasonable.

455 **(8) Loss Multipliers**

456 **Q. What are loss multipliers?**

457 A. In the context of this proceeding loss multipliers, or distribution loss
458 adjustment factors, are factors used to approximate the energy lost on the
459 Ameren Companies' system as the energy is transported from the
460 transmission system to the customer. It is my understanding that each of the
461 Ameren Companies intends to apply the loss multipliers that are listed within
462 Section 5.B of its Supplier Terms and Conditions to a customer's demand and
463 energy requirements in order to determine applicable transmission charges.

464 **Q. Have you reviewed the loss multipliers included in Section 5.B of each**
465 **of the Ameren Companies' Supplier Terms and Conditions?**

466 A. Yes, but not the Ameren Companies' methodology to develop the loss
467 multipliers. After receiving and reviewing that information, I will supplement or
468 amend my pre-filed testimony, if required, to convey any concerns I may
469 have.

470 **(9) Electric Metering**

471 **Q. How is electric metering related to this proceeding?**

472 A. It is my understanding that delivery service rates are not only determined by
473 revenue requirement, but also by the customer base that must cover that
474 requirement: in other words, by the amount of power and energy an electric

475 utility delivers to its customers. Therefore, Staff's findings concerning a
476 utility's meters, including the utility's meter testing facilities and meter testing
477 practices, are relevant to a rate proceeding.

478 **Q. How does Staff learn about an electric utility's electric meter testing**
479 **facilities and metering practices?**

480 A. Subsection 410.140(e) of 83 Illinois Admin. Code Part 410 requires that an
481 authorized representative of the Commission perform an audit of each entity's
482 electric meter testing equipment and methods at least every 3 years. To
483 satisfy this code requirement as it pertains to each of the Ameren Companies,
484 Staff inspected the electric meter testing facilities, practices, and records of
485 AmerenCIPS in June of 2003, AmerenIP in October of 2004, and
486 AmerenCILCO in October of 2005.

487 **Q. Has Staff also performed electric meter audits at other electric utilities?**

488 A. Yes. Staff has regularly been performing electric meter audits at Illinois
489 electric utilities for many years. In addition, if utilities choose to adopt
490 manufacturer test results, Staff also audits the manufacturer's testing facilities
491 and practices to verify they comply with the Commission's metering rules.

492 **Q. Have you represented Staff during any of these electric meter audits?**

493 A. Yes. Since joining the Commission in 2001, I have represented Staff for
494 sixteen electric meter audits, including at least one audit at each of the
495 regulated electric utilities that operate in Illinois. I have twice represented
496 Staff for an electric meter audit at both AmerenIP and AmerenCILCO. I am
497 scheduled to represent Staff for an audit of the electric meter shop used to

498 test AmerenCIPS' meters on May 23, 2006. The upcoming audit will be the
499 second time I represented Staff at that facility.

500 **Q. What were Staff's findings from its most recent electric meter audit at**
501 **each of the Ameren Companies?**

502 A. Staff's findings from its most recent audits at AmerenCILCO, AmerenCIPS,
503 and AmerenIP are contained in my letters to each of these companies, copies
504 of which are included in my direct testimony as Schedule 9.08 (CIL), 9.08
505 (CIPS), and 9.08 (IPC). Each of the Ameren Companies demonstrated that
506 its electric metering practices complied with most of the electric metering
507 requirements included in Part 410, however, Staff found that AmerenCIPS
508 and AmerenIP both failed to demonstrate compliance with six of Part 410's
509 electric metering requirements. Staff was favorably impressed with
510 AmerenCILCO's electric meter testing facilities and methods and at the time
511 of the audit found AmerenCILCO to be fully compliant with the Commission's
512 electric metering rules. Staff's findings, including references to relevant
513 requirements contained within the Commission's rules, were detailed within
514 my letter to each company. The letters also included recommendations
515 intended to help each company more readily demonstrate compliance with
516 the Commission's electric metering rules. Finally, each letter requested a
517 response from the utility that included a plan to correct or modify practices
518 that Staff found to be non-compliant.

519 **Q. Did the utilities respond to your letters, as requested?**

520 A. Yes. In their responses, each of the Ameren Companies provided plans to

521 address each of Staff's findings and recommendations. In some cases, Staff
522 requested supplemental information. Ultimately Staff found each of the
523 Ameren Companies' responses to be satisfactory.

524 **Q. Have any new electric metering issues arisen since the time of Staff's**
525 **most recent meter shop inspection?**

526 A. Yes. As explained in Schedule 9.08 (CIL), it is my understanding that as part
527 of an automated meter reading expansion all three of the Ameren Companies
528 intend to re-install older meters that do not comply with Subsection
529 410.120(e). Subsection 410.120(e) requires that meters installed after
530 January 1, 2001 meet standards set forth in Section 4.7 of American National
531 Standards Institute's ("ANSI") Code for Electricity Metering, 1995 edition. The
532 Ameren Companies filed a petition on April 24, 2006, seeking a declaratory
533 ruling regarding the requirements of Subsection 410.120(e).

534 **(10) Assessment of AmerenCILCO's Service Reliability**

535 **Q. How is service reliability related to this proceeding?**

536 A. In support of the rate increase it seeks in this proceeding, Ameren's Scott
537 Cisel references several steps Ameren has taken to integrate AmerenCILCO
538 and to improve service at that company.¹⁹ In lines 222-225 of AmerenCILCO
539 Ex. 1.0, Mr. Cisel states:

540 "This is not a complete list of all the projects, reliability enhancements,
541 and system conversions but exemplifies Ameren's commitment to
542 expend capital and incur expense to ensure that our customers receive
543 adequate and reliable services."

¹⁹ AmerenCILCO Ex. 1.0, pp. 9-10, lines 197-225

544 The purpose of this section of my testimony is to provide information to help
545 the Commission understand the current state of electric service reliability in
546 AmerenCILCO's service territory. This information is intended to help the
547 Commission gauge the effectiveness of AmerenCILCO's service reliability
548 efforts and expenditures.

549 **Q. Have you had an opportunity to evaluate AmerenCILCO's electric**
550 **service reliability during the past year?**

551 A. Yes. I used information provided in AmerenCILCO's annual reliability report
552 for calendar year 2004 (filed in June 2005), other information provided by
553 AmerenCILCO in response to Staff's requests, and the results of my own field
554 inspections. I performed field inspections of 5 of AmerenCILCO's distribution
555 circuits during the spring and summer of 2005. I prepared a staff report to the
556 Commission documenting the results of my evaluation. That report was
557 adopted by the Commission within Docket 06-0213, and is also included as
558 Schedule 9.09.

559 **Q. Will you briefly summarize your evaluation of AmerenCILCO's**
560 **reliability?**

561 A. Yes. AmerenCILCO reported its reliability indices all improved during the
562 2004 calendar year when compared to 2003. These improved indices
563 indicate that AmerenCILCO's customers, on average, experienced fewer and
564 shorter interruptions in 2004 than in 2003. Despite this improvement,
565 AmerenCILCO's system reliability indices indicated average to below average
566 performance when compared to the indices of other reporting utilities. In

567 particular, AmerenCILCO reported a high CAIDI for several consecutive
568 calendar years. Generally, a high CAIDI indicates that customers, when
569 affected by an interruption, are out of service for a long time. To improve its
570 reliability performance, I recommended that AmerenCILCO: (1) more
571 frequently inspect its own distribution circuits, including substation equipment,
572 and act sooner to remedy the problems it finds; (2) strive to reduce CAIDI by
573 modifying its practices associated with underground equipment related
574 interruptions; and (3) emphasize with its tree trimming crews that trees must
575 be trimmed in such a manner that they do not contact power lines. Additional
576 information regarding the reliability of AmerenCILCO's service is provided in
577 Schedule 9.09.

578 **Q. Did AmerenCILCO respond to your reliability assessment report?**

579 A. Yes. I sent a draft of the report to AmerenCILCO on November 18, 2005. On
580 November 30, 2005, AmerenCILCO acknowledged it reviewed the report, but
581 did not offer any comments.

582 **Q. Did you also evaluate the reliability performance of AmerenIP and
583 AmerenCIPS?**

584 A. No. In ICC Staff Exhibit 10.0 James Spencer discusses his evaluation of the
585 service reliability provided by AmerenIP and AmerenCIPS, as well the
586 performance of all three of the Ameren Companies in the area of tree
587 trimming.

588 **Q. Does this conclude your direct testimony?**

589 A. Yes.

AmerenCILCO's, AmerenCIPS' and
AmerenIP's Response To
Illinois Commerce Commission Data Request
Docket Nos. 06-0070, 06-0071, and 06-0072
Proposed general increase in electric rates, and revisions to
other terms and conditions of service

Data Request No. GER 2.02:

Section 3.A.5 of AmerenCILCO's, AmerenCIPS', and AmerenIP's Standards and Qualification for Electric Service explains that a Refundable Deposit (1) may be required from Applicants that request a system expansion, and (2) will be subject to refund without interest for a five-year period. (AmerenIP Schedule E-1, page 52 of 189; AmerenCILCO Schedule E-1, page 51 of 163; AmerenCIPS Exhibit E-1, page 57 of 176)

Further, Section 3.B.1(a) of each Company's Standards and Qualification for Electric Service states:

"The Company shall provide Extensions of the Distribution System as described in this Section *in lieu of* 83 Ill. Admin. Code Part 410." (Emphasis added) (AmerenIP: Schedule E-1 page 53 of 189; AmerenCILCO Schedule E-1 page 52 of 163; AmerenCIPS: Exhibit E-1 page 58 of 176)

The Companies' proposed 5-year period for refunds is only half as long as the 10-year period for refunds provided for under 83 Illinois Administrative Rules Subsection 410.410(c)(2) ("Subsection 410.410(c)(2)"). For each Company please provide the required demonstration that the proposed 5-year period for refunds is generally more favorable to applicants than the provisions of Subsection 410.410(c)(2). If any of the Companies are unable to provide the required demonstration, please indicate how that Company will comply with Subsection 410.410(a)(2).

Response:

Ameren's proposal of the 5-year period for tracking potential refunds in lieu of the 10-year period provided for in the cited provisions of Admin Code Part 410, seeks to adopt the current provisions in the AmerenCIPS Electric Delivery Service Schedule Ill.C.C. No. 14, Sheet 24.001. With the shorter period for tracking there is less administrative cost incurred to track for the additional five years. The demonstration that this proposal is generally more favorable to applicants than the Code provisions rests with the fact that the Ameren Companies are also offering in tariffs (in conjunction with the shortened tracking provisions) the following options for customers to choose, all of which would be to the customers' benefit and would reduce the amounts collected which might otherwise be refundable.

- For non-residential customers, a “revenue test” of three years of delivery service revenues that would result in more extension without charge in exchange for making any funds collected nonrefundable contributions.
- An option for all customers to pay a lower upfront amount for extension over distance charges in return for making the funds collected nonrefundable contributions. This discounted cost option is based on the assumption that one new customer will extend from that line extension during the otherwise refundable period, but the customer does not have to wait to see if that actually occurs.
- There are many situations, including those of developers extending into new subdivisions and customers choosing the revenue test, where the Ameren Company will allow the use of an acceptable Letter of Credit or Surety Bond instead of requiring cash upfront, again something a customer will choose if it sees a benefit.
- In the recent Line Extension rulemaking docket (03-0767) the Ameren Companies agreed to change the demarcation point of line/service extensions from that previously used . Utilizing this demarcation point ,that line extensions end and service extensions begin at customer’s property line, will result in what previously had been line extensions to be service extensions and, thus, lower refundable dollars will be collected.
- For subdivision developers, the Ameren Companies will treat the line extension TO the subdivision and the line extensions WITHIN the subdivision on a single agreement, leading to the conditions referenced in GER 2.04. This will also be to the benefit of developer customers.
- The Ameren Companies have proposed options that could allow customers/developers to install conduit (or in some cases actual distribution facilities) for cost and or time saving reasons.

Prepared By: Leonard Jones
Title: Managing Supervisor – Restructured Services
Phone: (314) 206-1878
Date: March 24, 2006

*** STANDARDS AND QUALIFICATIONS FOR ELECTRIC SERVICE**

1. SERVICE EXTENSION

The Company shall provide a service extension pursuant to the Illinois 83 Administrative Code Part 410 Subpart D: Service Connections (Section 410.330).

2. LINE EXTENSION

Service from single-phase extensions and from three-phase extensions, for customers qualifying for such three-phase service, from Company's distribution lines of 15,000 volts or less, shall be available to applicants within territory served by Company pursuant to Company's Delivery Services Customer Terms and Conditions, this tariff and all Rates under Company's Electric Delivery Service Schedule Ill. C. C. No. 14. Said line extension shall be made from Company's existing distribution system at Available Primary Voltage, on or adjacent to public highway or on rights of way acceptable to Company.

Non-Standard system extensions and modifications required to provide service to customers not included within these Line Extension provisions may be made under Company's Non-Standard Services Charge section of Delivery Services Customer Terms and Conditions, Electric Delivery Service Schedule Ill. C. C. No. 14.

The extension provisions as set forth hereinafter are effective in lieu of those set forth under Section 410.410 of 83 Ill. Adm. Code Part 410.

A. SINGLE-PHASE RESIDENTIAL CUSTOMERS

Company will provide an overhead line extension, including a transformer and associated protective devices, of the length allowed under the 83 Illinois Administrative Code Part 410, Subpart E: Extension Provisions (Section 410.410) to serve permanent, year-around single-phase residential customers without additional charge to customer.

Company may require an advance construction deposit for any portion of an overhead line extension in excess of the length allowed under Section 410.410 of 83 Ill. Adm. Code Part 410. Such deposits shall be subject to refund without interest for a five-year period as additional customers locate along the extension or extend beyond the extension for which customer's deposit is retained. Refunds will be made only to the original contributor, unless assigned in a form acceptable to Company by such original contributor, and shall in total not exceed the amount of the original deposit.

FEB 07 2002

ILLINOIS COMMERCE COMMISSION
CHIEF CLERK'S OFFICE

Date of Filing, February 7, 2002

Date Effective, March 25, 2002

Issued by G.L. Rainwater, President
607 East Adams Street, Springfield, IL 62739

* Asterisk denotes change

AmerenCILCO's, AmerenCIPS' and
AmerenIP's Response To
Illinois Commerce Commission Data Request
Docket Nos. 06-0070, 06-0071, and 06-0072
Proposed general increase in electric rates, and revisions to
other terms and conditions of service

Data Request No. GER 2.01:

AmerenCILCO's, AmerenCIPS', and AmerenIP's proposed DS-3 rate indicates it will be available to non-residential customers with demands equal to or greater than 150 kW and less than 1000 kW.

- a. How many of each Company's prospective DS-3 customers are presently metered on the primary side of a customer-owned transformer?
- b. Does each Company agree that prospective DS-3 customers metered on the primary side of a customer-owned transformer will pay more for delivery services than if they had been metered on the secondary side of a Company-owned transformer due to the proposed Customer Charge, Meter Charge, and Transformation Charge?
- c. If the answer to (b) above is yes, why does each Company believe it is reasonable for these prospective DS-3 customers who already own and maintain their own transformer to pay more for delivery services than customers who utilize a Company-owned transformer (and service)?
- d. If the DS-3 customer who owns the transformer requests it, will each Company allow the metering for that customer to be relocated to the secondary side of the customer-owned transformer? If the response is no, please provide references or citations to each Company's tariffs, rules, or standards that would prohibit this arrangement.
- e. If the DS-3 customer who owns the transformer requests it, will each Company purchase the customer's transformer and related facilities, or replace the customer-owned transformer and related facilities with Company-owned facilities, and provide metering on the secondary side of the transformation? If the response is yes, please include in the response an explanation of how each Company will treat its costs associated with these transformation purchases or replacements?

Response:

- a. AmerenIP, AmerenCIPS and AmerenCILCO have approximately 33, 110, and 11 customers, respectively, who own their own transformers and are metered on the high side of the transformation within the DS-3 class.
- b. Customers metered on the high side voltage of transformation will pay higher Customer and Meter Charges since it is more costly to meter usage at higher voltages. Customers who own their own transformation facilities will not pay the Transformation Charge, regardless of the location of metering.
- c. Customers with customer-owned transformation will not pay the Transformation Charge and will therefore pay less than customers who take transformation

service from the Company, all other things being equal. Customers metered on the high side voltage of transformation will pay higher Customer and Meter Charges since it is more costly to meter usage at higher voltages.

- d. Existing facilities may be relocated per the provisions in Section 3 of the Company's proposed Standards and Qualifications.
- e. The Company will allow metering on the lower voltage side of transformation, where practical and in conformance with good engineering practices. Customer-owned equipment could be purchased if replacement parts are common to those stocked within the Company's inventory, if the facilities conform to the Company's other design standards and sound engineering practices, and if it is cost effective. The Company may replace customer-owned facilities with Company-owned facilities if consistent with sound engineering practices. In such cases, additional provisions contained in Section 3 of the Company's Standards and Qualifications may apply. Costs for transformers used to serve DS-3 customers are recorded in FERC account 368.

Prepared By: Leonard Jones
Title: Managing Supervisor – Restructured Services
Phone: (314) 206-1878
Date: March 29, 2006

**AmerenCILCO's, AmerenCIPS' and
AmerenIP's Response To
Illinois Commerce Commission Data Request
Docket Nos. 06-0070, 06-0071, and 06-0072
Proposed general increase in electric rates, and revisions to
other terms and conditions of service**

Data Request No. GER 4.01:

In his pre-filed testimony, Mr. Jones explains that AmerenCILCO's and AmerenIP's existing residential tariffs contain provisions for three-phase residential service, and that each of these Company's proposed residential tariffs no longer will offer residential three-phase service as a standard offering. Rather, three-phase service would be extended to residential customers under each Company's Excess Facilities rules (AmerenCILCO Exhibit 10.0 lines 223-228; AmerenIP Exhibit 10.0 lines 224-229). If each Company's proposed residential tariffs are approved, please explain how each Company will deal with existing three-phase residential services. Within your response please provide: (1) the number of existing three-phase residential customers that each company serves, and (2) an explanation of whether each company intends to charge existing three-phase residential customers an excess facilities charge.

Response:

Existing three-phase customers will be treated the same as all other residential customers. Any three-phase service provided today will continue into the future for each customer.

- (1) AmerenIP's residential class has 5,822 (approximately 1%) three-phase customers, while AmerenCILCO's residential class has 3,442 (approximately 2%) three-phase residential customers. AmerenCIPS does not currently have an ongoing separate monthly charge for three-phase service, thus a comparable customer count is not available.
- (2) Existing customers will not have to pay excess facilities charges to continue three-phase service.

Prepared By: Leonard Jones
Title: Managing Supervisor, Restructured Services
Phone: 314-206-1878
Date: April 18, 2006

RIDER QF – QUALIFYING FACILITIES

COMPENSATION

If Customer elects to sell all or a portion of the power and energy generated by the QF to the Company, the Company shall purchase the power and energy ~~at the hourly energy supply charges defined in Rider MV, multiplied by the appropriate expansion factor for energy losses~~ after Customer selects one of the following pricing methods:

The hourly energy supply charges defined in Rider MV, multiplied by the appropriate expansion factor for energy losses.

or

Retail Customers with Nameplate Generating Capability Less Than 1,000 kilowatts:

<u>Summer</u>	<u>All Other</u>
<u>Months</u>	<u>Months</u>
<u>X.XX¢</u>	<u>X.XX¢ for all kilowatt-hours supplied during Peak Periods</u>
<u>X.XX¢</u>	<u>X.XX¢ for all kilowatt-hours supplied during Off-Peak Periods.</u>

A Retail Customer who has a Qualifying Facility that has a total nameplate capability of ten kilowatts or less may elect to sell electricity to the Company on a non-time-of-day basis at X.XX¢ for all kilowatt-hours supplied during Summer Months and X.XX¢ for all kilowatt-hours supplied during all other months.

Retail Customers with Nameplate Generating Capability of 1,000 kilowatts or More:

<u>Summer</u>	<u>All Other</u>
<u>Months</u>	<u>Months</u>
<u>X.XX¢</u>	<u>X.XX¢ for all kilowatt-hours supplied during Peak Periods</u>
<u>X.XX¢</u>	<u>X.XX¢ for all kilowatt-hours supplied during Off-Peak Periods.</u>

Any electricity requirement provided by the Company for the retail customer at the premises shall be provided under the applicable tariff.

In lieu of either of the above purchase rates, a QF may enter negotiations with the Company for different purchase rates and terms and conditions. Any contract entered into as a result of negotiations will, in general, be based upon more exacting standards of delivery as outlined in 83 Ill. Admin. Code 430.80(b) and 430.80(c).

Customer shall be responsible for any applicable Transmission Service cost for transactions under this tariff.

**AmerenCILCO's, AmerenCIPS' and
AmerenIP's Response To
Illinois Commerce Commission Data Request
Docket Nos. 06-0070, 06-0071, and 06-0072
Proposed general increase in electric rates, and revisions to
other terms and conditions of service**

Data Request No. GER 1.06:

Within each Company's Customer Terms and Conditions the following paragraph is included under Section 14.D Exclusive Service:

"Customer will not operate electric generating equipment on the same Premises as Company's service except where it is used only in the event of interruptions of Company's service or when Company and Customer entered into a service agreement for reserve service, auxiliary service or for parallel operation."

The above paragraph appears to prohibit a customer's use of a generator to supply electrical load even where that load is completely isolated from the Company's service, and the generator is not tied to the Company's service on the Premises in any way. For example, a customer may wish to use a generator to operate temporary lighting at the back of his parcel where no permanent electrical facilities exist. Does each Company intend such a prohibition of stand-alone generation? If yes, explain why each Company believes such a prohibition is reasonable. If no, explain where in each Company's proposed tariff such generator use is permitted.

Response:

No, the Ameren Company does not intend to prohibit stand-alone generation operated in isolation from the Ameren Company's system. The Ameren Company's tariffs do not explicitly address customer-owned generation operated in isolation of the Ameren Company's system where the load is also completely isolated. Rather, Section 14.H, Customer Owned Generation, of the Customer Terms and Conditions implies that customers may operate electric generation facilities in isolation from the Ameren Company's system.

To avoid the potential for misunderstanding, additional language should be added to the end of Section 14.D as follows: "Notwithstanding the above, nothing in this section prohibits operation of customer owned generating equipment where the load of the customer served by said generation is not connected to the Company's system."

Prepared By: Leonard Jones
Title: Managing Supervisor – Restructured Services
Phone: (314) 206-1878
Date: February 27, 2006

Data Request No. GER 2.04:

Section 3.B.1(d)(i) of AmerenCILCO's, AmerenCIPS', and AmerenIP's proposed Standards and Qualifications for Electric Service says:

"Applicant will make a Non-Refundable Contribution for that amount, if any, by which the total cost of the Line Extension under contract exceeds the Standard Cost Equivalent times the number of lots the Company anticipates to serve plus one additional Standard Cost Equivalent." (AmerenIP Schedule E-1, page 58 of 189; AmerenCILCO Schedule E-1, page 57 of 163; AmerenCIPS Exhibit E-1, page 63 of 176)

- a. Which of the following formulas represents the Companies' intended calculation of the Non-Refundable Contribution for a representative 10-lot development?

- i) $NRC = [TCE - (SCE \times 10)] + SCE = TCE - 9 \text{ SCE}$
ii) $NRC = TCE - [(SCE \times 10) + SCE] = TCE - 11 \text{ SCE}$

(NRC=Non-Refundable Contribution, TCE=Total Cost of the Extension, SCE=Standard Cost Equivalent)

If neither formula listed above represents the Companies' intended calculation for a representative 10-lot development, please provide a formula that does provide the intended calculation.

- b. What steps will each Company take to ensure its employees interpret and calculate the Non-Refundable Contribution requirement in a consistent manner?

Response:

- a) The correct formula is described in ii), utilizing 11 Standard Cost Equivalents
b) Consistent application will be achieved in the same manner described in response d) to GER 2.03.

Prepared By: Leonard Jones
Title: Managing Supervisor – Restructured Services
Phone: (314) 206-1878
Date: March 24, 2006

October 20, 2005

Mr. Jack Stieghorst
Electric Meter Services
Central Illinois Light Company
8420 N. University
Peoria, IL 61615-4660

Re: Electric Meter Shop Inspection

Dear Mr. Stieghorst:

On October 6, 2005, Ron Linkenback and Greg Rockrohr ("Staff") conducted an inspection of Central Illinois Light Company's ("AmerenCILCO's) electric meter shop. After reviewing AmerenCILCO's responses to data requests, inspecting AmerenCILCO's meter records and observing AmerenCILCO's meter testing practices, Staff concluded that AmerenCILCO is complying with all sections of 83 Illinois Administrative Code Part 410 ("Part 410") requirements that apply to electric metering, including handling complaints and billing adjustments. Staff is very pleased with the result of AmerenCILCO's efforts to comply with Part 410 requirements.

The remainder of this letter concerns pending matters discussed during Staff's inspection that will likely impact AmerenCILCO's electric meter shop in the near future:

Reinstalling Older Meters

During Staff's recent inspection, Ameren Services informed Staff of its plan to significantly expand automated meter reading ("AMR") in Illinois: a plan that includes AmerenCILCO. Staff understands that, on behalf of its three Illinois electric utility affiliates, Ameren Services plans to enter into a contract with a 3rd party vendor to install AMR modules in meters that are already in-service. The plan calls for AmerenCILCO to remove the in-service electric meters from service and ship them to the vendor for AMR modules installation and meter testing. The meters are then to be returned to AmerenCILCO and re-installed at other locations to replace other non-AMR meters. This process would continue until all desired locations were covered.

Staff reminded AmerenCILCO and Ameren Services that Subsection 410.120(e) requires that all meters installed must meet the standards set forth in Section 4.7 of the American National Standards Institute's (ANSI) Code for Electricity Metering 1995 edition ("ANSI C12.1-1995"). Ameren Services' representatives indicated that applying

Subsection 410.120(e) to meters in its AMR expansion plan seemed unreasonable and would likely add significantly to the cost, since many of the meters to be retrofitted with AMR modules might pre-date ANSI C12.1-1995.

Staff is not opposed to Ameren Services' plan to retrofit in-service meters with AMR modules. However, Staff's position remains that AmerenCILCO must be able to certify meters it re-installs meet the standards set forth in Section 4.7 of ANSI C12.1-1995. Subsection 410.120(e) applies to any regulated electric utility operating in Illinois: even those that participate in Ameren Services' planned AMR expansion, like AmerenCILCO.

The text of Subsection 410.120(e) is shown below for reference:

"Meters installed after January 1, 2001 shall, at a minimum, meet the standards set forth in Section 4.7 of the American National Standards Institute's (ANSI) Code for Electricity Metering (1995 edition, approved June 12, 1995, published by the National Electrical Manufacturers Association, 1300 N. 17th Street, Suite 1847, Rosslyn, Virginia 22209). No later amendments or editions are incorporated."

Per Section 410.30 AmerenCILCO may, on its own or jointly with other entities, request a modification or exemption from Subsection 410.120(e) requirements. However, unless and until the Commission approves such a request, AmerenCILCO must not install meters that it cannot certify meet ANSI C12.1-1995 standards: even meters recently taken out of service.

Billing Adjustments for Under-registering Meters

During the meter shop inspection AmerenCILCO informed Staff that it would soon begin processing billing adjustments for under-registering meters (in addition to over-registering meters). Section 410.200 allows this practice. However, prior to beginning this type of adjustment AmerenCILCO should provide its employees with a written policy that includes standard procedures to use in order to comply with Section 410.200. The policy and procedures would also help AmerenCILCO treat customers consistently.

Action Requested

Please respond to this letter by November 18, indicating in the response:

- Whether AmerenCILCO intends to re-install meters that it cannot certify meet the requirements of Subsection 410.120(e), and
- Whether AmerenCILCO agrees to develop a process for adjusting bills due to under-registering meters, including written procedures, so these adjustments are performed in a consistent manner, and comply with Section 410.200.

Thank you for your cooperation during Staff's electric meter shop inspection. If you have questions about any of the items mentioned in this letter, please contact me by phone at (217) 524-0695.

Sincerely,

Greg Rockrohr
Senior Electrical Engineer

July 21, 2003

Mr. James West
Superintendent, Distribution Services
Ameren Services: One Ameren Plaza
1901 Chouteau Avenue
PO Box 66149
St. Louis, MO 63166-6149

Re: Electric Meter Shop Inspection

Dear Mr. West:

Thank you for taking the time to meet with Illinois Commerce Commission Staff ("Staff"), consisting of Jim Spencer and myself, on June 10, 2003, and for providing the information Staff requested relating to Ameren's electric meter shop practices.

Staff found that Ameren's meter shop complied with most of the applicable sections of 83 Ill. Adm. Code 410 ("Part 410"). However, Staff found Ameren did not demonstrate that it fully complied with all Part 410 requirements, as described in this letter.

Staff Findings:

1. Testing Facilities and Equipment (reference standards)

Subsection 410.140(b) requires that Ameren verify the accuracy of all reference standards at least once every 12 months.

Ameren's calibration records indicate that the accuracy of its three Radian reference standards, all kept at its Dorsett Meter Shop, were verified as follows:

Serial #	Type	Latest Calibration	Previous	Next Previous
5360	RM-11-01	05/20/03	02/07/02	03/10/00
5712	RM-11-01	04/28/03	02/07/02	02/10/00
5922	RM-11-03	04/28/03	02/19/02	01/04/00

The dates in the above table illustrate that Ameren has not verified the accuracy of its reference standards at least once every 12 months, as required. Subsection 410.140(b) does not provide for a time period greater than 12 months, even by a few days or weeks, and certainly not months or years.

Ameren must take steps to guarantee that the accuracies of its reference standards are verified at least once every 12 months.

2. *Testing Facilities and Equipment (portable standards)*

Subsection 410.140(c) requires that, when used for testing meters, all solid-state portable standards be compared to a reference standard at least once every six months.

As Ameren rotates portable standards through its Dorsett Meter Shop, Ameren uses a logbook to keep track of the date spare portable standards are sent from the shop to individual field personnel, and to record the serial number of the unit sent. Ameren's records that Staff reviewed did not consistently include the date that each portable standard was received back at the Dorsett Meter Shop, and did not include the date each portable standard was last calibrated. Ameren explained that portable standards are frequently calibrated when they are received at the Dorsett Meter Shop from the field.

Since Ameren's spare portable standards may be stored at the Dorsett Meter Shop for many weeks or months following calibration, and the period of time each unit was in the field could not be established, it was not possible for Staff to determine whether Ameren has been meeting the requirements of Subsection 410.140(c). Specifically, Staff was unable to determine whether a portable standard with serial #500041 was compared to a reference standard at least once every six months, when used to test meters.

Ameren must develop a tracking system that will allow it to demonstrate that its electronic portable standards are compared to a reference standard at least once every six months, as required by Subsection 410.140(c).

Please see Staff's recommendation contained in this letter for one possible solution to this finding.

3. *Accuracy Testing of Meters*

Section 410.170 provides a periodic meter-testing schedule that Ameren must follow for meters not included in its sample-testing program.

Ameren's records that Staff reviewed indicate that some in-service meters that are not included in Ameren's sample-testing program have also been excluded from its periodic testing program, and therefore have not been tested as required by Section 410.170.

Ameren must adhere to the periodic testing schedule provided in Section 410.170 for all meters not included in its sample-testing program, including those meters that may have been inadvertently excluded from its periodic testing program.

As part of its response to this letter, Staff requests that Ameren provide to Staff the number of meters in its system not tested according to the requirements of Section 410.170, and a plan that includes an aggressive schedule for testing those meters.

4. *Meter Tests Requested by Customer*

Subsection 410.190(c) states that Ameren must charge a \$40 fee if it tests the same meter at the same location for the same customer for a second time within a 12 month period. If the retest demonstrates an average error of more than 2%, the \$40 must be refunded to the customer.

In response to Staff data request ENG 1.64, Ameren stated that it informs customers who request a second meter test within a 12 month period that there may be a minimum charge of \$36, depending on the type of meter, but that Ameren's practice is to not charge customers.

Ameren must modify its procedures so that its Illinois customers are informed there will be a \$40 charge for a second test of the same meter within a 12-month period (regardless of meter type). Ameren must develop and put into practice a procedure that includes the \$40 meter re-test charge, and the refunding of that \$40 if the meter does not perform in an acceptable manner after it is re-tested.

Staff is satisfied with Ameren's planned actions to address the two additional findings that follow, however, Staff requests that Ameren provide follow-up reporting to Staff relating to each:

- *Meter Records*

Subsection 410.110(e) requires that Ameren maintain a record of all phase-shifting transformers that includes: the manufacturer's name or trademark, type, and serial number.

Ameren does not retain the required records for its phase-shifting transformers. On June 18, 2003, Ameren notified Staff that it would remove from service all 61 phase-shifting transformers that it has in service in Illinois by the end of 2003.

While Staff is satisfied with Ameren's plan to comply with Subsection 410.110(e), Staff asks that Ameren notify Staff when all phase-shifting transformers are removed from service in Illinois, or notify Staff on December 31, 2003, that all phase-shifting transformers have not been removed, whichever date is sooner.

- *Corrections and Adjustments for Meter Error*

When an average error of more than 2% is found during a meter accuracy test, Section 410.200(a) requires that Ameren convey corrections to the customer within three business days.

Ameren's practice is to calculate billing corrections due to meter error and notify customers monthly.

In response to Staff data request ENG 1.72, Ameren stated it is developing an automated procedure to calculate billing corrections due to meter errors and notify customers of billing adjustments on a daily basis. Ameren states it hopes to have the new procedures in place prior to the end of 2003.

While Staff is satisfied with Ameren's plan to comply with Subsection 410.200(a), Staff asks that Ameren notify Staff when it has put its new procedures in place or to notify Staff on December 31, 2003, that the procedures are not in place, whichever date is sooner.

Staff Recommendation

As described in Staff non-compliant finding #2, Ameren was unable to demonstrate that its portable standards were compared to a reference standard at least once every six months. Staff suggests Ameren:

- Compare its "spare" portable standards (stored at its Dorsett Meter Shop) to a reference standard at the time each is sent out for use in the field, (regardless of whether this was done when received into the shop from the field), and
- Consistently record the date each portable standard is returned to the Dorsett Meter Shop from the field.

Assuming Ameren is complying with Subsection 410.140(c), Ameren could then use its portable standard tracking records to demonstrate that, when used to test meters, each portable standard is compared to a reference standard at least once every six months.

Requested Actions

Please respond to this letter by August 15, 2003. In your response, please indicate if you agree or disagree with each of Staff's findings.

If you agree with Staff's findings, please indicate the actions Ameren plans for the purpose of addressing Staff's finding #1 through #4, along with an estimated schedule for each action.

If you disagree with any of Staff's findings please describe Staff's findings that are in error, indicate why you believe Staff's findings to be in error, and provide back-up documentation to support your position.

If you have any questions or comments on any of these items, please contact me by phone at (217) 524-0695 or by fax at (217) 525-5516.

Sincerely,

Greg Rockrohr
Senior Energy Engineer

November 5, 2004

Mr. Pete Gunnell
Supervisor, Central Meter Shop
Illinois Power Company
2655 North Martin Luther King, Jr. Drive, H-20
Decatur, IL 62526

Re: Staff's 2004 Inspection of AmerenIP's Electric Meter Shop

Dear Pete,

Thank you for meeting with Ron Linkenback and myself on October 22, 2004, and for assisting with our inspection of AmerenIP's electric meter shop and meter testing practices. We appreciate the obvious effort that your utility made since our previous inspection in January of 2002, to more fully comply with the requirements of 83 Illinois Administrative Code Part 410 ("Part 410"). Even so, we noted that some aspects of AmerenIP's electric meter shop operations still do not fully comply with Part 410 requirements. Following the noncompliant findings, which listed below, are some recommendations that, if followed, Staff believes would assist AmerenIP to demonstrate its compliance with Part 410 requirements in the future. We are also asking that your utility provide additional information regarding metering standards and billing adjustments. We ask that AmerenIP respond to this letter by the end of the month.

Noncompliant Items Identified

The relevant section or subsection of Part 410 is listed first, followed by the AmerenIP practice that Staff found to be noncompliant, and Staff's conclusion as to what IP must do to comply.

Section 410.110 Meter Records

1. Subsection 410.110(a)(3)(E) requires that AmerenIP's meter records contain the electrical current class for each meter it owns or has in service in Illinois. AmerenIP's electronic meter records that Staff reviewed did not show the meter's electrical current class (for example, Meter #10957140). Though AmerenIP stated it could determine the electrical current class of a meter by viewing the meter's type and the meter's test amps, Staff believes Subsection 410.110(a) clearly states that each meter's electrical current class must be included in AmerenIP's meter records.

AmerenIP must modify its record keeping so that the electrical current class of its meters is included in its records.

2. Subsection 410.110(e) requires that AmerenIP maintain a record for each phase-shifting transformer that includes the manufacturer's name or trademark, type, and serial number, and retain a record of the accuracy of each phase-shifting transformer for as long as the phase-shifting transformer is in service. AmerenIP does not maintain a record of the information for each phase-shifting transformer that is in service, as required by Subsection 410.110(e). Following Staff's 2002 inspection, Illinois Power stated its phase-shifting transformers for which it has no records would be phased-out, but AmerenIP indicated in its responses to Staff's data requests submitted in preparation for the 2004 inspection that it has not yet eliminated them.

AmerenIP must develop and follow through with a plan to remove from service its phase-shifting transformers for which it presently has no accuracy records, or alternatively, develop and follow through with a plan to test and record the accuracy of each phase-shifting transformers that is in service, and then keep a record of the accuracy test results for as long as the phase-shifting transformers are in service.

As part of AmerenIP's response to this item, please:

- a. Indicate the number of phase-shifting transformers AmerenIP has in service,
- b. Indicate a date by which AmerenIP will have all of its phase-shifting transformers removed from service, or in the alternative, identified by a unique number (since AmerenIP reported that the manufacturer did not provided serial numbers), with a record of the accuracy of each kept for as long as they are in service.

Note: Staff may request that AmerenIP submit periodic reports to indicate progress associated with this item until AmerenIP is fully compliant.

Section 410.120 Metering Service Requirements

3. Subsection 410.120(e) requires that meters installed after January 1, 2001, at a minimum, meet the standards set forth in Section 4.7 of the American National Standards Institute ("ANSI") Code for Electricity Metering (ANSI C12.1-1995). AmerenIP purchases used meters, and though it tests 100% of them prior to installation, neither AmerenIP or its supplier are able to certify that these used meters meet the standards set forth in Section 4.7 of ANSI 12.1-1995.

AmerenIP must no longer install meters that may not meet the standards set forth in Section 4.7 of ANSI C12.1-1995, and must remove from service any meters installed after January 1, 2001, that may not meet these standards.

As part of AmerenIP's response to this item, please:

- a. Indicate the number of meters AmerenIP has in service that were installed after January 1, 2001 that may not meet the standards set forth in Section 4.7 of ANSI C12.1-1995.

- b. Indicate a date by which AmerenIP will have all of these meters removed from service.

Note: Staff may request that AmerenIP submit periodic reports to indicate progress associated with this item until AmerenIP is fully compliant.

Section 410.140 Testing Facilities and Equipment

4. Subsection 410.140(b) requires that AmerenIP verify the accuracy of all reference standards at least once every 12 months, and Subsection 410.140(c) requires that when used for testing meters, all solid-state working and portable standards be compared to a reference standard at least once every six months.
- AmerenIP's most recent certificate of calibration for its Radian Research, Inc. reference standard (Serial # 506053), dated October 12, 2004, demonstrated its accuracy was verified after 13 months, which exceeded the timeframe provided in Subsection 410.140(b). Earlier verifications of accuracy for this reference standard met Subsection 410.140(b) requirements.
 - AmerenIP's records indicate portable standard #1167 was not compared to a reference standard at least once every six months when used for testing meters. The accuracy verifications for #1167 exceeded the requirements provided in Subsection 410.140(c) by from 1 to 3 weeks since 2002. Note that Staff did not check the timeframe between accuracy verifications for every portable standards AmerenIP uses.

AmerenIP must always verify the accuracy of its reference standards *at least* once every 12 months, and when used for testing meters, compare its solid-state working and portable standards to a reference standard *at least* once every 6 months. Using a shorter timeframe is not a problem, but using a longer one is non-compliant.

Section 410.180 Sample Testing Procedures

5. For those utilities that use sample testing, Subsection 410.180(a) identifies several acceptable sampling procedures. AmerenIP stated it uses a procedure described by Military Standard 414 ("MIL-414"). After reviewing AmerenIP's sample testing results for several homogeneous groups, Staff found that the procedures AmerenIP used to determine whether each of its homogeneous groups passed or failed sample testing did not accurately follow the procedures described within MIL-414. Specifically, AmerenIP's method to determine the total percent deficient for each sample is different than what is described in MIL-414. Note that an amended Section 410.180 became effective August 1, 2004.

AmerenIP must either modify its calculation method for determining total percent deficient by using the weighted average of the light load and full load test results of each meter tested, or request and be granted an exemption from the requirements of Section 410.180.

Section 410.200 Corrections and Adjustments for meter Error

6. Subsection 410.200(g) requires that if AmerenIP or the Commission's representative finds that a service watt-hour meter exhibits creep, AmerenIP make an estimate of the registration caused by the creep during the period specified under Subsection 410.200(c), and make a corresponding correction in the metering data and customer bill. Subsection 410.150(c) requires that AmerenIP test a meter for creep at the time of its accuracy test if the percent registration at light load differs from the percent registration at full load by more than 2%. During Staff's October 22, 2004, inspection, AmerenIP was unable to demonstrate to Staff its procedures for processing billing corrections for meters that had been discovered to exhibit creep.

AmerenIP must demonstrate it correctly credits customer accounts following discovery that a meter that has been in service exhibits creep. To do so, please:

- a. Provide evidence that AmerenIP performed creep tests on the following meters, all of which had light load test results that exceeded full load test results by more than 2%. If no creep test was conducted on any of these meters, explain why not.
 - Meter # 3309072823 (Test performed 12/05/01)
 - Meter # 24229493 (2003 sample test: Group 6)
 - Meter # 24432480 (2003 sample test: Group 6)
 - Meter # 15102080 (2003 sample test: Group 13)
 - Meter # 15387524 (2003 sample test: Group 13)
 - Meter # 2SA23631 (2003 sample test: Group 17)
 - Meter # 2SA06373 (2003 sample test: Group 17)
- b. For any of the above meters that were found to exhibit creep, detail how AmerenIP corrected the associated metering data and considered the creep when it calculated the billing adjustment, and provide a copy of the billing adjustment calculations. If none of the meters listed in (a) were found to exhibit creep, use a hypothetical example to detail AmerenIP's procedures for calculating billing adjustments after discovering that a meter exhibits creep.

Recommendations

1. Staff recommends AmerenIP more accurately identify in its records the date customer requests for meter tests are received. Subsection 410.190(a) requires that AmerenIP perform customer requested meter tests within 30 days of receipt of the request at the meter installation location with the customer present, unless other arrangements are agreed upon. AmerenIP's response to Staff's data request ENG

1.79 indicated that during the years 2001-2003 approximately 15 customer-requested meter tests were performed more than 30 days after the initial request, with some tests performed 6 months or longer after the request. Investigations into several of these requested tests yielded that the actual customer request for the meter test was received several days or weeks after the date the customer initially contacted AmerenIP regarding a high bill, and the initial contact date was erroneously recorded as the meter test request date. AmerenIP actually tested the meter within 30 days of the request. AmerenIP should correctly identify in its records the date a customer requests a meter-test so that AmerenIP's records no longer show that AmerenIP is not complying with Subsection 410.190(a), when it actually is complying.

2. Staff recommends AmerenIP more consistently categorize the reason for its meter tests within its databases. Subsection 410.110(c) requires that AmerenIP compile a report at least once each year that includes the number of meters tested and the number of meters that tested outside of accuracy limits for each of the following categories: sample testing, periodic testing, and customer request. In its report, AmerenIP uses the categories "company", "customer", "install test", "new purchase", "other test", and "periodic" as reasons for its meter test. AmerenIP does not consistently use its meter testing reason categories for meters tested under similar circumstances, for example, during our inspection we looked at databases which indicated that the meter shop and the customer service office listed different reasons for the same meter test. Staff recommends AmerenIP eliminate or restrict the "other test" category title, and initiate use of the "sample test" category to force accurate descriptions for the reason each meter is tested.
3. Staff recommends AmerenIP consider a slight modification to the text within the form letter sent to customers to inform them about billing adjustments. Within the 2nd paragraph, after AmerenIP informs the customer of the amount either owed or credited as a result of meter error, the letter states: "The time period in which your meter began to malfunction will be determined by a review of your past usage (emphasis added)." Since AmerenIP has already calculated the amount credited or owed, and the amount is being conveyed to the customer within the letter, AmerenIP's letter should state: "The time period in which your meter was malfunctioning was determined by review of your past usage."

Additional Information Request

Reference, Portable, and Working Standard Accuracy Verification

- Although AmerenIP's records indicated it tested its working standards at least as frequently as required, Staff discovered AmerenIP inadvertently listed the wrong reference standard in the identification field on its calibration certificates for most of its working standards since September of 2002. It appears that all tests performed after a vendor's test in September of 2002, were labeled with the vendor's reference standard (# 5057), instead of AmerenIP's own reference standard (# 506053). Staff asks that AmerenIP explain how it will correct this error.

- Following Staff's previous inspection, AmerenIP developed and implemented a procedure and database to track its portable standard calibrations. Staff discovered that the reference standard used to calibrate each portable standard does not appear on the calibration records that Staff copied. Staff asks that AmerenIP explain how it determines from its records which reference standard was used to verify the accuracy of each of its portable standards.

Billing Adjustments

- AmerenIP provided Staff with details billing adjustment calculations for 10 customers that it performed due to meter error. Staff agreed with the procedures AmerenIP used to calculate seven of the adjustments. Staff asks that AmerenIP provide additional information relating to AmerenIP's calculations and billing adjustments for three of the meters:

➤ *Fast Meters:*

1. #15338556: AmerenIP's records show this meter was removed on 3/22/01 after a field test indicated its accuracy was 102.95%. Based on Subsection 410.200(c), Illinois Power Company should have credited this customer's account for the meter error during the period 3/22/99 through 3/22/01. AmerenIP's records indicate that on 3/26/01 Illinois Power credited this customer's account approximately half the amount due, and on 1/16/02 the rest of the credit was posted to the account. Please explain why Illinois Power waited 10 months to credit the customer's account the full amount due to this meter error.
2. #33053294: AmerenIP's records show this meter was tested in the field on 11/12/02, and found to run fast at 102.91%. AmerenIP processed a billing adjustment on 12/4/02 for the period 11/12/00 through 11/12/02, but AmerenIP's records indicate that this meter was left in service without adjustment. Explain what action AmerenIP took or will take to adjust this meter's accuracy, and to further adjust this customer's bill for the period 11/12/02 to present.

➤ *Slow Meter:*

3. #28028588: AmerenIP's records show that on 11/21/01, a billing adjustment was made to the commercial account associated with this meter that covered a period of nearly 13 months. Subsection 410.200(d) requires that meter inaccuracy for under-registering meters be presumed to have existed for a maximum period of 1 year for small commercial customers, unless demonstrated otherwise. Please explain why Illinois Power Company used a period longer than 1 year for determining this billing adjustment.

Action Requested

Please respond to this letter by November 30, 2004. In your response please,

- Indicate whether you agree with each of the findings and recommendations in this letter, and should you disagree with any item(s); provide an accurate representation of AmerenIP's practices/procedures that you believe was misrepresented.
- Include a description of AmerenIP's plan to correct each acknowledged non-compliant item,
- Include the additional information that was requested in this letter.

Thank you again for your assistance during Staff's inspection. If you have questions or comments about any part of Staff's inspection or this letter, please contact me by phone at (217) 524-0695, e-mail, or by fax at (217) 525-5516.

Sincerely,

Greg Rockrohr
Senior Electrical Engineer